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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: February 21, 2007

Westenthaler to Testify Before Banking Committee

11. BZOe boss Peter Westenthaler is scheduled to testify today before the parliamentary investigative committee looking into the scandal surrounding former union-owned bank Bawag. He is suspected of having intervened in favor of investment banker Wolfgang Floetttl, a key figure in the Bawag affair. Westenthaler complained the summons for his testimony was motivated by a political campaign directed against the BZOe in the face of a recent surge in voters' support for his party, he claims. Semi-official daily Wiener Zeitung quotes BZOe leader Westenthaler as admitting that he "did intervene" in connection with investment banker Wolfgang Floetttl and discussed the issue with former Justice Minister Karin Gastinger -- but not to do Floetttl a favor, but rather to "speed up the proceedings" against him. The current allegations regarding his intervention were a party-policy mudslinging campaign against the BZOe launched by Gastinger and her former press spokesperson Christoph Poechinger, Westenthaler claims.

Deadline on Foreign Students' Quota Extended

12. The European Union's Education Commissioner, Jan Figel, has given Austria more time to respond to a warning that it will face legal action if it does not remove a quota on the number of foreign students allowed to study at Austrian universities. The gesture came after a meeting in Brussels with Austrian Science Minister Johannes Hahn. Europe's Education Commissioner Jan Figel said he would extend the deadline regarding the removal of a quota on the number of foreign students in Austria as long as Austria presented "substantial and strong arguments." Austria's Science Minister Johannes Hahn, whose portfolio includes universities, said he is convinced that a solution meeting EU and Austrian needs can be found. Austria placed limits on foreign students following a flood of applications from Germans wishing to study medicine, semi-official daily Wiener Zeitung and several other Austrian media explain. In January the EU took legal steps against Austria and Belgium for not fully opening their higher education systems to students from other EU member states. The European Commission says the restrictions violate the EU principle of free movement of people, and gave both countries two months to respond to the Commission's demand to open their universities.

EU Agrees on Greenhouse Curbs

13. EU environment ministers have agreed in principle to cut greenhouse emissions by 20 percent from 1990 levels by 2020. The ministers, meeting in Brussels, also agreed to seek a 30 percent cut worldwide if matched by other developed nations. The proposals, outlined by the European Commission in January, are seen as a key measure to curb climate change. The EU must still decide how to make cuts, allowing for a possible compromise with member states opposed to mandatory targets.

The EU environment ministers' agreement to cut greenhouse emissions by 2020 is a "tough test of Europe's efforts to implement an ambitious climate policy," centrist daily Die Presse writes. The goals formulated by the ministers meeting in Brussels yesterday, are also to serve as an EU basis in international negotiations on a new global climate protection agreement after the phase-out of the Kyoto Protocol in 2012.

While Hungary and Poland are said to oppose the cuts and Finland has also voiced opposition to the targets, the German Environment Minister said his country was prepared to go further and cut emissions by 40 percent. A number of nations have voiced doubts about the effectiveness of national emission limits.

Austria, meanwhile, is likely to fail to meet its emission reduction targets and will have to buy carbon certificates from other countries, semi-official daily Wiener Zeitung says. Austria's plan calls for greenhouse gas emissions to be reduced to 77.7 million tons by 2010, but suggests this will not be achieved, requiring the purchase of nine million tons worth of carbon certificates.

Waiting for the Serial Numbers

14. The affair surrounding the Austrian-made Steyr-Mannlicher rifles, allegedly found in the possession of Iraqi insurgents last week, continues to "keep both Americans and Austrian on the go," an Austrian daily writes. The rifles' serial numbers, which are to clarify whether the guns are Steyr-Mannlicher originals or merely copies, have not been ascertained at this point, the US Embassy Vienna explained. However, should British media reports floated earlier this month turn out to be true, and the rifles confirmed as Steyr-Mannlicher products, the US would be "profoundly disturbed," according to semi-official daily Wiener Zeitung.

Britain to Begin Iraq Pullout

15. According to media reports, British Prime Minister Tony Blair will announce the date today for the beginning of a British troop withdrawal from Iraq. About 1,500 of the 7,000 British soldiers stationed in Iraq are expected to return home soon. Austrian media see this is an about-face by Blair, who in January was still arguing a troop pullout would be a "disaster." Meanwhile, US President George Bush welcomed the move as a sign the Iraq Coalition's strategy to stabilize the country was working.

On ORF radio's early morning news Morgenjournal, Washington correspondent Raimund Loew comments on the British plans for a gradual troop pullout from Iraq: "President Bush was personally informed by Tony Blair on the withdrawal plan yesterday, the White House confirms. The President considers the gradual pullout of the British troops as a sign of success, a spokesperson in Washington emphasizes. 'We welcome the fact that the situation in Basra has improved to such an extent that a transfer of control to the Iraqi authorities is possible,' the White House stated. The US, too, 'wants to bring home its soldiers eventually, but the security situation in the south is quite different from the circumstances in Baghdad.' Television news in the US reported extensively about the planned British pullout - after all, Great Britain is the most important ally of the US in Iraq by far. The US President, in turn, is under enormous pressure to also present a plan for a gradual withdrawal of American troops - something he has clearly rejected up to now."

Iran Unlikely to Budge

16. Iran has again said it will not halt its nuclear activities as a precondition for talks on the trade benefits offered by six world powers. However, Tehran has offered a guarantee it would not seek atomic weapons. The statements came at the end of a grace period Iran had been given by the UN Security Council to stop its nuclear

program. Iran's top nuclear negotiator Ali Larijani was in Vienna yesterday for talks ahead of the publication today of a crucial IAEA report, and emphasized his country would not suspend its uranium enrichment activities.

In an interview with mass-circulation provincial daily *Kleine Zeitung*, Middle East expert Karin Kneissl argues that in her opinion the threat of new UN sanctions is unlikely to impress Iran. She also dismissed rumors of an impending US air strike on Iran. Since the 1980s, Iran "has been more or less isolated, and has therefore become very self-sufficient. Iran can keep large parts of its industry up and running, so it is much harder to hit it with sanctions than an economically weaker country." A US go-it-alone military strike against Iran, Kneissl says, "cannot be completely ruled out, but I don't believe it is very likely. (...) At this point, the US has virtually no allies (for such a move), so a military strike would be a huge go-it-alone operation, for which there are not enough military bases in the region, either," the US could use. Also, "most of Iran's important facilities are scattered all over the country. It would not be easy to destroy them all," says Kneissl.

Meanwhile, in liberal daily *Der Standard*, Christoph Prantner analyzes the alleged US attack plans envisaging air strikes against Iran. Sourcing several leading US newspapers and magazines, he says the American media reported extensively on the alleged US contingency plans for Iran. Some US media have labeled this the "clandestine war with Iran," in the wake of a recent Pentagon's briefing on suspected ties between the Iranian government and insurgents in Iraq. Despite the extremely tough stance the US has adopted officially when it comes to Iran, American experts believe a US military strike against Iran is highly unlikely, the foreign affairs writer argues. Mr. Prantner is currently in Washington on the US Embassy supported US-Austrian Journalism Exchange Fellowship program.

Last Round of Kosovo Talks

17. A final round of talks between Serbian and ethnic Albanian leaders over the future status of Kosovo province will get underway in Vienna today. The focus of these discussions will be a set of UN proposals which would give Kosovo all the characteristics of an independent state. Serbia, however, continues to oppose independence for Kosovo, which has been under UN administration since fighting ended there in 1999. Austrian media do not expect a breakthrough in today's meeting.

In an interview with semi-official daily *Wiener Zeitung*, the UN's deputy special envoy for Kosovo, Albert Rohan, confirms the muted expectations regarding an agreement between Serbs and Kosovars on the province's future status. He points to the hardened fronts ahead of the final round of talks, and emphasizes that in his opinion Serbia is not willing to compromise.

McCaw